

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6614

BILL NUMBER: HB 1228

NOTE PREPARED: Dec 30, 2012

BILL AMENDED:

SUBJECT: Property Taxes.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill permits the Department of Local Government Finance (DLGF), with the approval of the Attorney General, to compromise the amount of property taxes imposed on: (1) a nonprofit corporation organized for educational, literary, scientific, religious, or charitable purposes; or (2) any other entity organized as a church or religious entity. The bill prescribes the requirements that must be met before a taxpayer's property tax liability may be compromised.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill would permit nonprofit corporations and religious entities to petition the DLGF to cancel all or part of property taxes due, if the property owner is otherwise exempt and either the property owner's exemption application was not timely filed or taxes were assessed against the prior property owner. The petition would have to be signed and approved by the township assessor (if any), county auditor, county assessor, and county treasurer.

If petitioned, the DLGF would determine if it is in the best interest of the state and the local taxing units to cancel all or part of the taxes along with penalties and accrued interest. The Attorney General would have to

approve any decision to cancel taxes.

This bill would apply to any property taxes that are unpaid after June 30, 2013, regardless of when the taxes were assessed. Canceled taxes would reduce property tax distributions to local civil taxing units and school corporations. The fiscal impact would depend first on local action and then on action taken by the DLGF and Attorney General.

State Agencies Affected: Department of Local Government Finance; Attorney General.

Local Agencies Affected: County auditors; County assessors; County treasurers; Township assessors; Civil taxing units and school corporations.

Information Sources:

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